1940/11A.

NEW SOUTH WALES.

BUSINESS STATISTICS - MONTHLY DIGEST.

5th November, 1940.

CONTENTS.

1. BUSINESS STATISTICS - MONTHLY DIGEST.

2. NOTES ON WORLD WHEAT SITUATION.

   World Production, 1940-41.
   Heavy Exportable Supplies.
   World Wheat Policies.
   World Trade and Prices.
   Local Sales of Flour.

NEW SOUTH WALES (AUSTRALIA).

MONTHLY DIGEST OF BUSINESS STATISTICS.

NOVEMBER, 1940.

GENERAL. The ever-growing war effort is the dominating factor in the business situation. In New South Wales employment is greater than ever before and war industries are still expanding. The new Commonwealth (United Australia and Country Parties) Ministry was sworn in on October 28 and an all-Parties Advisory War Council has been constituted. Creation of a Ministry of Labour and National Service is symptomatic of problems of labour supply which will become greater as the armed forces increase the drain on man-power.

After a year of war the banking situation is strong, money is cheaper and in plentiful supply (for essential purposes), small savings are accumulating (purchases of War Savings Certificates have far exceeded original anticipations), and trading conditions generally are stable (helped by efficient price control). Import restrictions have been increased progressively and financial resources have been conserved for national purposes by judicious control of investment. The year 1939-40 was a record in rural production and export income was enhanced by better prices. Drought conditions prejudice the outlook for the present season.

EMPLOYMENT. Economic conditions are best indicated by the trend in employment. In September, 1940 a record number of persons (875,726) were employed in New South Wales. This was 37,290 more than in September, 1939 and the increase in the three months ended mid-Sept., 1940 (19,300) was the greatest yet recorded for that period. The following comparative details show that war expenditure has stimulated employment generally and especially in manufacturing industries owing to the extensive development (still in progress) of war industries. (See Secondary Industries).

EMPLOYMENT IN NEW SOUTH WALES.

(Excluding Relief Workers and Men in the Armed Forces not on Civil Paysheets).

Middle week of-	All Employment.	All Private Emp'mt.	In All Factories.	In Firms with Ten or More Employees.						
				Mines	Retail Trade.	W'sale Trade.	Offices & Commerce.	Ship'g & Road Trnspt.	Personal Service ø	Other Industries.
	Number of Persons Employed - Thousands.									
Sept. 1936	757.6	624.8	203.4	18.4	47.6	23.2	25.9	19.2	26.2	20.6
" 1938	840.5	691.3	229.9	19.8	51.0	25.5	27.2	21.8	28.7	22.9
" 1939	838.4	687.1	227.4	21.4	51.2	25.5	27.7	21.7	29.6	20.7
Aug., 1940	872.0	714.7	243.9	21.0	51.7	25.9	29.1	21.4	29.7	20.4
Sept. 1940	875.7	719.8	246.2	21.1	51.4	25.9	29.2	21.9	29.8	21.0
Increase Sept. 1939 to 1940 - per cent.	4.4	4.8	8.3	-1.4	0.4	1.6	5.4	9.9	0.7	1.4

ø Includes hospitals, religion, amusements, hotels, etc.

FINANCE
Banking & Credit. As a result of the favourable export year 1939-40 and successful application of the policy of war finance (borrowing from the banks, then from the public, and later, increasing taxation) the bank credit situation passed from relative stringency to a state of ease during the first year of the war. In Australian trading banks liquidity increased; the ratio of cash and Treasury bills to deposits rose from 16.0 per cent. in Aug., 1939 to 22.1 per cent. in August, 1940. Deposits increased substantially. There was some repayment of advances, and checks imposed on the use of credit with advice of the Investment Advisory Board were probably important in conserving credit resources for war and essential civilian activities. The following particulars for N.S.W. afford an indication of the trend in deposits and advances and of the capacity of the credit structure to support the expanding war effort:-

/PRIVATE.....

PRIVATE BUSINESS IN PRIVATE TRADING BANKS IN NEW SOUTH WALES. (a)
(Aggregate Quarterly Averages).

Quarter ended -	Deposits. Fixed	Current	Total	Advances.	Excess of Deposits over Advances.
	£m.	£m.	£m.	£m.	£m.
September, 1937	61.5	47.8	109.3	108.1	1.2
" 1938	62.6	47.3	109.8	120.8	(-) 11.0
" 1939	64.6	50.0	114.6	124.2	(-) 9.6
June, 1940	66.3	60.4	126.7	117.9	8.8
September, "	65.0	62.3	127.3	119.2	8.1

(a) Excluding Commonwealth and Rural Banks and excluding Government deposits and Government securities in private trading banks.

(-) Denotes excess of advances over deposits.

<u>Savings Banks.</u> The confidence of small savers was somewhat shaken in May-June, 1940 but a favourable trend of small savings has been resumed. War savings certificates have been purchased freely (there was a marked increase in October) and the increase in savings bank deposits in August and September was the greatest ever recorded for those months. Recent movements were:-

1940.	Apr.	May.	June	July	Aug.	Sept.
	Increase (+) Decrease (-) In £000.					
Savings Deposits	+297	-1877	-4608[a]	+ 24	+939	+753
War Savings Certif. (b)	+ 97	+ 369	+1944	+1196	+455	(+300)
Combined Movement	+394	-1508	-2664	+1220	+1394	+1,053

(a) Excluding end-of-year interest additions, £1,562,000. (b) At purchase price.

<u>Investment.</u> The Sydney Stock Exchange has experienced gradual recovery from the recession in May-June, 1940. The average value of ordinary shares is now almost equal to the highest of this year and somewhat greater than that of a year ago. The bond market has been very firm; yields on Government securities are the lowest on record, and Local Authority loans have been floated at rates of interest $\frac{3}{4}$ per cent. lower than in 1939. The downward trend of interest rates is one of the outstanding achievements of war financial policy and, as shown in earlier Digests, is apparent in all fields of borrowing. The weighted average rates of interest on private first mortgages declined by from $\frac{1}{4}$ to $\frac{1}{2}$ per cent. between Dec. Qr., 1939 and ~~Mar.~~ Sept. Qr., 1940. Transactions in real estate show a tendency to increase but are still appreciably below pre-war levels.

Month.	Stock Exchange: Av. Val. of Ord. shares.	Interest Rates. First Mortgages: Rural	Urban.	Govt. Bonds over 5 years.	Quarter ended-	Real Estate: Sales.	Mortgages
	Par = 100	Wtd. Av. Rates % p.a. ø		Yield %		Amount. £ million.	
				£. s. d.			
Sept. 1939	171	5.2	5.5	4 1 3	Sept. 1939	8.92	6.12
Jan., 1940	182	5.5	5.8	3 15 2	Dec., "	6.78	4.76
July, "	151	5.0	5.6	3 7 3	Mar. 1940	6.87	4.59
August "	155	5.0	5.6	3 6 10	June, "	7.76	4.31
Sept. "	162(a)	5.0	5.6	3 5 11(b)	Sept. "	8.62	4.09

ø Three months ended in month shown.
End of October: (a) Index No. about 175. (b) Yield £3.4s.11d. %.p.a.

Official control of investment safeguards against the use of capital for unnecessary new enterprises and authority to borrow on mortgage is required for sums in

/excess..

excess of £5,000 in any one year.

Insurance. Premium income for general (not life assurance) insurance in N.S.W. was £7,395,000 in 1939-40 compared with £6,943,000 in 1938-39. The increase was the result mainly of higher war risk premiums on marine insurance. In 1939-40 settlement of claims absorbed £3,760,000 or 50.9 per cent. of premium income.

Public Finance. No important changes in taxation were embodied in the N.S.W. budget introduced on Oct. 16, 1940, but taxation proposals are to be reviewed in December next. A deficit of £1,539,000 in 1940-41 is anticipated compared with the actual deficit (after providing £1,972,000 for sinking fund) of £2,295,000 in 1939-40. Sinking fund payments will amount to £2,144,000 in 1940-41. Budget anticipations and figures for last financial year are:-

		Actual 1939-40	Estimate 1940-41
Revenue	£000	54,755	58,423
Expenditure	"	57,050	59,962

Accounts for the quarter ended September, 1940 show an improvement in the position of £1,367,000 in comparison with the corresponding quarter of 1939. For these and earlier similar periods particulars are:-

New South Wales Government. Three months ended September.

		1936	1937	1938	1939	1940
Revenue	£ million	11.26	11.66	11.81	11.89	14.11
Expenditure	"	12.37	12.98	14.11	14.29	15.14

BUILDING INDUSTRY. The value of building permits granted in Sydney and Suburbs fell below the recent improved level in September and amounts for all classes except houses and hotels etc. were less than in Sept., 1939. Housebuilding remains active, flat building fairly so, but permits for industrial and commercial buildings show a considerable decrease.

Comparative particulars are:-

PRIVATE BUILDING PERMITS - SYDNEY AND SUBURBS.

Period.	Houses	Flats (a)	Hotels Guest Houses.	Shops (b)	Factories. (c)	Other Buildings	Total Value	Net Additional Dwellings.
	£000	£000	£000	£000	£000	£000	£000	No.
September, 1939	347	150	61	18	98	126	800	569
" 1940	439	168	11	30	86	106	840	676
Sept. Qr., 1939	1,527	906	92	153	381	472	3,531	2,843
Dec. " "	1,167	445	155	122	246	468	2,603	1,887
Mar. " 1940	1,208	395	185	99	218	219	2,324	1,685
June, " "	1,557	668	99	97	239	319	2,979	2,654
Sept. " "	1,492	530	221	60	264	277	2,844	2,244

Including (a) Conversions to flats; (b) shops with dwellings; (c) public garages.

Permits in the nine months ended Sept., 1940 were 15.3 and 25 per cent. below the value in Jan.-Sept., 1939 and 1938, respectively.

TRADE AND COMMERCE. In recent months inter-bank clearings in Sydney have far exceeded those of the corresponding months of last year. In Jan.-Sept., 1940 the amount of clearings was 16.6 per cent. greater than in the corresponding period of 1939. This record level of bank clearings is due to higher export prices, some increase in internal prices and the rising trend of industrial activity and employment resulting from heavy and increasing war expenditure, now (in Australia) exceeding £11 million a month. These same factors contributed to increases in Sept. compared with a year ago in the value of retail sales in Sydney (12.7%), and of sales at

/wholesale........

wholesale in N.S.W. (4.7%). Factory sales of war supplies and decreased sales of motor vehicles were opposing influences in wholesale turnover. Considered in relation to price levels, stability, rather than expansion of general consumer buying seems indicated. Employment in these trades has shown very little change.

Particulars of the oversea trade of the State are withheld but for the Commonwealth as a whole trade in the first three months of 1940-41 was marked by moderation of imports and maintenance of a high level of exports. A further list of items importation of which from non-sterling countries is restricted came into operation on Oct. 1, 1940.

	Bank Clearings (Sydney)			Wholesale Trade, N.S.W.		Retail Trade (Syd.)
	Amount		Index No.	Sales		Sales
	Sept.	Jan.-Sept.	Sept. Qr.	August.	Jan.-Aug.	June-Aug.
	£m.	£m.	1926-30=100	£m.	£m.	Index No. 1931=100.
1937	79.8	692.0	101	16.27	124.56	135
1938	77.6	692.1	99	15.28	125.90	141
1939	74.9	676.5	99	16.81	125.78	141
1940	84.5	790.1	117	17.17	131.65	151

PRICES. The internal price structure has been well controlled. Imported goods are dearer because of increased original costs and costs of transport but the possibility of profiteering has been virtually eliminated, and the cost of living of wage-earners has risen only a little:-

1939 and 1940		June Qr.	Sept. Qr.	Dec. Qr.	Mar. Qr.	June Qr.	Sept. Qr.
Wholesale Prices,,Sydney (a)	Index No.	159	165	170	174.	179	183
Retail Prices, N.S.W. (b)	"	914	915	925	927	951	953
Adult Basic Wage, Sydney	Per Week.	82s.	81s.	82s.	82s.	83s.	85s.

(a) End of Quarter. (b) Food, rent, clothing and miscellaneous.

SECONDARY INDUSTRIES. In September, 1940 the index number of factory employment in N.S.W. was a record and 36 per cent. above the average in the peak pre-depression year (1928-29). During the first year of the war 18,500 persons were added to factory payrolls, making the total 246,200. War industries, still expanding, account for the greater part of the increase but local manufactures are replacing many civilian goods formerly imported. In factories treating industrial metals and chemicals etc. with ten or more employees employment increased by over 14 per cent. in the year ended Sept., 1940. Three-shift and overtime working is common in textile and clothing factories.

Trainer aircraft production has reached a stage where export to the Netherlands East Indies has been approved. Total employment in factories is shown comparatively on page 1. Trends in various industrial groups and changes in employment during the war period are illustrated below:-

EMPLOYMENT IN FACTORIES WITH TEN OR MORE EMPLOYEES, N.S.W.

Middle week of -	Cement Bricks, Glass &c.	Chemicals etc.	Industrial metals	Textiles & Clothing.	Food and Drink	Woodworking &c.	Paper and Printing	Rubber.
	Number of persons employed - Thousands.							
Sept., 1935	8.18	5.41	45.71	32.27	22.93	8.54	12.16	2.69
Sept., 1939	11.75	7.42	62.58	37.29	28.55	9.75	14.73	3.76
Aug., 1940	12.49	8.62	70.85	40.22	28.95	9.65	14.58	3.74
Sept., "	12.39	8.94	71.54	40.82	29.14	10.07	14.42	3.64
Increase, Sept. 1939 to 1940. %	5.4	14.4	14.3	9.5	2.1	3.3	-2.1	-3.2

/Goods sold.......

Goods sold from 42 large factories in the twelve months ended August, 1940 were valued at £41.97 m. compared with £37.65 m. in the corresponding period of 1938-39. The consumption of gas and electricity in Sydney and suburbs and the quantity of coal moved by rail in N.S.W. in recent months were greater than ever before. Some industrial disputes have arisen but these have not affected war production in any important degree, and in many cases have been settled by intervention of the Trades Union Defence Advisory Panel.

			1937	1938	1939	1940
Coal Hauled by Rail.	000 tons.	Sept.	650	219 x	697	800
		Sept. Qr.	1,953	1,604 x	2,302	2,572
Gas and Electricity (Sydney)						
Index of Consumption	1929-31=100.	Sept.	118	123	134	134
42 Large Factories Sales	£ mill.	Aug.	3.02	3.14	3.39	3.52
		Jan.-Aug.	23.70	24.81	24.61	27.44

x Affected by industrial dispute.

TRANSPORT. Industrial expansion, and military activities have resulted in heavier goods and passenger traffic on railway and tram and omnibus services, in consequence of which these State undertakings have been operated with greater profit. (This is an important factor in the improvement in the public accounts).

			Three Months ended Sept.		
			1938	1939	1940
Govt. Railways.	- Passengers	Mill.	46.90	43.86	46.38
	Goods Ton Miles	"	452	475	676
	Working Surplus	£000	1,148	1,541	2,402
Govt. Trams & Buses	- Passengers	Mill.	89.2	90.4	94.6
	Working Surplus	£000	115.8	135.6	190.7

Sales of new motor vehicles increased slightly in September in comparison with July and August, 1940 but averaged only 181 per week, or less than one-half the number in Sept., 1939 and 30 per cent. of the number in Sept., 1937. Increased costs of motoring and reactions to petrol rationing (begun on Oct. 1, 1940) are leading factors restraining spending in this field. This harmonises with the national interest, since money is conserved for war investment and the demand for foreign exchange is reduced. The total number of registered motor vehicles has declined gradually during the war period - the newly required inspection as to road-worthiness before re-registration supplemented the fall in new vehicle registrations - but the efficiency and adequacy of road transportation has not been affected.

NUMBER OF REGISTERED MOTOR VEHICLES IN N.S.W.

		July, 1933	Sept. 1939	Mar., 1940	June, 1940	Aug. 1940	Sept., 1940
Cars	000	148.2	216.5	214.6	209.5	205.2	204.8
Lorries and Vans	000	42.2	77.6	76.4	75.6	74.6	74.7
All vehicles	000	216.5	329.1	324.8	318.2	312.3	312.1

RURAL INDUSTRIES. Rainfall in September brought temporary relief to crops and pastures, but dry weather supervened and the seasonal outlook is again very critical in most parts of the State. Farmers are handicapped in efforts to expand production of foodstuffs and fibres to further the war effort.

Shearing is nearing completion. The wool clip in N.S.W. is thought to be upwards of 10 per cent. lighter than the record clip of 1939-40. Fat lamb-raising is suffering because of the adverse season, and many lambs have been lost. Though the area sown with wheat (4,678,600 acres) was approximately the same as in 1939-40

/production.....

production may not exceed 30 million bushels compared with an average of 60 m. bus. in the last ten seasons.

Dairying conditions are only fair and will deteriorate again if rain does not soon fall. Butter production has increased but is still considerably below normal for the time of the year. Provided seasonal conditions permit, a material expansion of dairy production is likely to be undertaken so that much needed supplies may be sent to the United Kingdom. There has been an increase in egg production and Australian shipments of eggs to the United Kingdom are expected to reach 572,000 cases, compared with 339,000 cases sent in 1939-40.

Problems of the wheat-growing industry are under consideration but a settled policy regarding the future has not yet been determined. To meet difficulties caused by this season's crop failures £300,000 has been advanced by the Commonwealth to the N.S.W. Government for loans to farmers at very low rates of interest.

II. THE WORLD WHEAT SITUATION.

World wheat production in 1940-41 will be about 6% less than in 1939-40 but import demand will decrease (mainly due to the blockade) and surplus exportable supplies on July 31, 1941 are likely to be greater than ever before and may approach (without wheat now being sown in the Norhtern Hemisphere) two year's normal world import requirements. Thus, wheat policies in principal exporting countries are of great importance. A long-term wheat policy for Australia has not yet been announced, and elsewhere there is little indication of a contraction of wheat-growing.

Prices are fairly steady and unrelated to the weak statistical position, mainly due to artificial controls. World shipments of wheat are small and the trade outlook very discouraging. Local trade is quiet and dependent mainly on home demand. A few orders for flour for export have been reported.

World Production 1940-41. According to figures compiled by the United States Dept. of Agriculture (partly based on estimates) world production of wheat in 1940-41 (exclusive of China and Russia) will be about 4,025 million bushels, or about 6 per cent. less than in 1939-40.

Information regarding the harvests of 1940 in many important European countries is still fragmentary. There seems general agreement, however, that total production was upwards of 20 per cent. below that of 1939. The International Institute of Agriculture (Rome) is credited with issuing an estimate of European production of 1425 million bushels. This is about 300 million bushels less than in 1939 and 155 m. bus. under the average for the five seasons ended 1937. Practically no new individual quantitative estimates became available last month. The estimate for Europe must be taken with reserve, but the following summary of available information affords some indication of harvest results in the Northern Hemisphere in 1940 in comparison with earlier years:-

	Europe	Canada	U.S.A.	India	Japan	Total of Foregoing.
	Production of wheat - million bushels.					
Av. 1933-37	1580	250	641	356	46	2,873
1937	1554	180	876	364	50	3,024
1938	1829	350	932	403	45	3,559
1939(Est.)	1726	490	755	402	61	3,434
1940(F'cast)	1425	561	784	403	65	3,238

Russian production is believed to be greater than in 1939 (when there was no surplus for export) and already some wheat exports have been arranged.

In Argentina the weather has been favourable latterly for the crops and an average wheat harvest is anticipated. Because of drought wheat production in Australia will be very small indeed - present forecasts total only 87 million bushels, compared with the heavy crop of 210 m. bus. in 1939-40. Each of the four main wheat producing States will have small harvests. Expectations compare with last season's production and averages for the ten seasons ended 1939-40 as under:-

	N.S.W.	Vic.	S. Aust.	W. Aust.	Other	Australia
			million bushels.			
Forecast, 1940-41	33	14	15	20	5	87
1939-40	77	45	41	41	7	210
Aver. 1931-40	60	40	36	36	5	178

The area sown with wheat for grain in 1940-41 in Australia (12.63 m. ac.) was 4.8% smaller than in 1939-40. In N.S.W. there was a decrease from 4,425,400 ac. to 4,334,800 ac. or of 2.3 per cent.

Season 1940-41. United States winter wheat is being sown. Conditions at first were favourable but recently there were complaints of dryness in the southwest. Most of Europe had better conditions for winter sowing than in 1939 though dry weather threatened to reduce wheat planting in Rumania. In the United Kingdom the wheat area may be about 2½ million acres - about 40 per cent. above the average in 1932-36.

/The Supply......

The Supply Situation. It is usually possible at this time of the year to assess the effects upon the statistical position of wheat due to the new harvest and the prospective disappearance of wheat during the current crop year. But while Germany remains in occupation of adjacent countries rationing and otherwise enforced under-consumption will dissipate the demand which would, in view of short crops, be effective for imports of wheat into Europe. Neither the absolute amount of wheat supplies in relation to requirements, nor even the distribution of these from country to country possess the ordinary significance in relation to the wheat situation at the close of the wheat year. It is certain, however, that exportable supplies remaining on July 31 next will be greater than ever before. Estimates of surplus supplies of wheat in principal exporting countries compiled by Broomhall (August 28, 1940) compare with related figures for 1938-39 and 1939-40 as shown below. Normal end-of-season trading stocks are excluded.

SURPLUS SUPPLIES OF WHEAT IN EXPORTING COUNTRIES.

		Season ended 31st July.		
		1939	1940	1941 ø
United States	bus. million	136	132	144 a
Canada	"	232	432	624 b
Argentina & Uruguay	"	232	164	144
Australia	"	124	184	200 c
Russia and Danubian	"	152	116	20
Others	"	20	20	24
TOTAL	"	896	1,048	1,156

ø Not including (a) 200 m. bus. and (b) 40 m. bus. for minimum reserves.
(c) Overestimated; probably no more than 100 m. bus. This is possibly offset by higher production estimates for North America since preparation of Broomhall's estimates above.

The "Statist" sets world imports of wheat in 1940-41 at a maximum of 400 m. bus. which compares with about 515 m. bus. in 1939-40. Taking exportable supplies as roughly 100 m. bus. greater, and import demand as 100 m.bus. less than those of last year, end-of-season exportable stocks on July 31, 1941 may increase to 1000 m. bus. They may well be appreciably greater. This represents almost two years normal international trade in wheat and is by far the greatest accumulation ever experienced:-

EXPORTABLE STOCKS AT 31st JULY.

	1933	1938	1939	1940	1941
Million bushels	609	192	520	790	(1000+)

The principal import markets which remain (with average net imports in 1932-37 in parenthesis) are Great Britain and N. Ireland (208 m.b.) Eire (16 m.b.) Spain and Portugal (1938-39; 16 m.b.) Brazil and Peru (39 m.b.) certain African territories (12 m.b.) China (21m.b.) North and Central American territories (16m.b.), and perhaps Greece (16 m.b.).

Wheat Policies. In present circumstances attention is concentrated upon domestic wheat policies in the major exporting countries in reaction to the curtailment of marketing opportunities. Canada has the greatest problem of all. Beside the necessity of providing finance for growers the storage problem is acute in Canada. Growers' deliveries are limited to 8 bushels an acre (up to 15 bus. an ac. in a few cases of sufficient local storage space).

The United States A.A.A. domestic programme for 1941 is the same as in 1940; the national wheat acreage allotment is continued at 62 million acres. This season the loan policy was changed to make advances to farmers redeemable on demand instead of applying for a fixed period of nine months as previously. By this means the Government is in a position to secure deliveries from growers as they may be required.

/Following........

Following upon political developments in the Far East the United States administration withdrew the subsidy on exports of wheat and flour to Japan and Hong Kong.

During September export offers of Argentine wheat were resumed, mainly of new crop wheat for February shipment. This may reflect the desire of the Argentine authorities to export speedily in view of the limited storage facilities of that country, and the large part of the last maize crop still held for disposal.

Conferences of Federal and State Ministers have been held in Australia to formulate a long term policy for wheat. The Commonwealth Government has accepted the responsibility of guaranteeing a minimum price for wheat grown in Australia. In general terms the use of more wheat for hay and feeding purposes, curtailment of wheat growing in uneconomic areas, and partial transfer from wheat-growing to alternative forms of rural production has been encouraged, but up to the present a comprehensive plan of stabilisation has not been adopted. An initial appropriation of £1 million has been made for drought relief (£300,000 for N.S.W.) by the Commonwealth Government. Distressed wheatgrowers will receive loans for five years at very low rates of interest.

<u>Trade.</u> According to trade figures world shipments of wheat have averaged about 3½ m. bus. a week in recent weeks. Details of origin and destination of shipments are not available, but Canadian grain to Britain probably accounts for a large proportion of the wheat moving. Unconfirmed reports of export sales include 3½ m. bus. from each Russia and Australia to Greece, 6 m. bus. of U.S. Pacific Coast wheat to Russia and 2m. bus. to China. In addition Russia is reported to have arranged to barter wheat for Swedish products.

<u>Prices.</u> Wheat quotations generally bear little relationship to the statistical position of wheat. In Chicago, December options maintained an upward trend until Oct. 23 and now show a tendency to firm again after easing slightly. The average during October (84¼ cents a bus.) was about 6 cents higher than during Sept. The strengthening of quotations in United States is attributable to the relatively small amount of "free" wheat available to the market owing to growers availing themselves of the Government loan offer. (The loan, plus a parity payment of 19 cents a bushel, gives farmers a return of about 83 cents a bus.). In Winnipeg, December futures have been at the fixed minimum of 71⅝ cents a bus. since Oct. 10.

Argentine wheat for Jan.-Feb. shipment is on offer on the London Baltic Exchange at 18s. 9d. a quarter (8 bus.) compared with 25s. 6d. for Australian and 32s. 9d. for No. 1 Manitoba (Canadian) ex St. John's. The wide disparity between these quotations shows clearly the artificiality of the market; in actual fact there is no world market; prices are determined almost solely by those deemed appropriate, (often with regard to economic repercussions in the country of purchase) for purchases by the British Cereals Import Committee. In this sense they afford little guide to prospective prices for future sales to Britain, and still less for bulk sales in other import markets. No announcement of price for the latter half of the 63 m. bus. sold to the U.K. by Australia has yet been made.

<u>Local Trade.</u> Trading in wheat in the local market continues very quiet and is mainly in wheat for local consumption. No information as to progress in disposal of wheat has been made available by the Australian Wheat Board since early in August 1940, when sales totalling 122¼ m. bus. had been effected. The Board's prices for wheat were unchanged during October, 1940 at (per bus. f.o.r., Sydney) for bagged wheat, 4s. 2¼d. and for silo wheat for local consumption and small export orders, 3s. 11¼d. In October, 1939 average price for bulk wheat in Sydney was 2s. 7⅞d. a bushel. Other price comparisons are:-

PRICES OF BULK WHEAT - SYDNEY.

Monthly Averages - Per bushel, ex trucks, Sydney. ∅
Excluding Bounty and including Storage Charges when payable.

	Season ended Nov.	Dec.	June	July	Aug.,	Sept.	Oct.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1933-34	2 9	2 7	2 9	2 11	3 3	3 0	2 8
1936-37	5 3	5 4	5 1	5 7	5 3½	5 3	5 3½
1937-38	4 0	4 6	3 7	3 8	3 2½	2 10½	2 9½
1938-39	2 5	2 6	2 5	2 3½	2 3	2 9	2 8
1939-40	-	3 5	4 0	4 0	3 11¼	3 11¼	3 11¼

∅ Shippers' offers, ex trucks, Sydney to 1938-39. Aust. Wheat Board's price for wheat for local flour and small export orders from December, 1939.

Growers have been paid advances equal, for bulk wheat to 2s. 5d. (net) a bushel at country sidings for wheat delivered to the No. 2 (1939-40) pool. Further payment will depend upon realisations from sale (when completed) of all wheat in that pool.

Flour. A press message from Hong Kong states that contracts have been completed for sale of 8,000 short tons (about 350,000 bags) of Australian flour to Japan for occupied China, to be paid for from £stg. 100,000 of silver taken over by the Japanese in Tientsin under the Anglo-Japanese agreement of some weeks ago. The flour is for November shipment and is to be transported in Japanese ships. Other small export sales of flour have been reported, and generally mills are well employed. Particulars of exports of flour from N.S.W. are not available for publication. On account of the abnormal Australian demand owing to the drought, exports of bran and pollard without the consent of the Minister for Trade and Customs were prohibited as from Nov. 1, 1940.

The price of flour in local trade in Sydney remained at £12.10s. a ton although as from Oct. 23, 1940 the rate of the flour tax was increased by 6s. a ton to £2. 8s. 10d. a ton.